

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

ASD MEMORANDUM #190 (2008-2009)

January 29, 2009

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: AWARD OF CONTRACT: E-RATE COMMUNICATIONS  
SERVICES

*ASD Goal: Establish and maintain a supportive and effective learning environment by providing safe schools, maximizing opportunities for lifelong learning including the development of 21<sup>st</sup> century skills and to ensure public accountability through the wise use of financial resources.*

RECOMMENDATION:

It is the Administration's recommendation that the Anchorage School Board authorize the award of a contract for voice and data communications, toll services, internet services, and cellular services, for the period July 1, 2009 through June 30, 2012, with options to renew for two additional one-year periods, to Alaska Communications Systems of Anchorage, Inc. The recommendation is made based on the evaluation of proposals submitted in response to a competitive solicitation initiated by the District's posting of FCC Form 470, Schools and Libraries Universal Service, Description of Services Requested and Certification Form, Application No. 397870000699949, and the related Request for Proposal 2008-615 "Communications Services." The resulting contract is based upon the unit prices submitted and will not exceed the Anchorage School District's budgeted amount for 2009-2010 and each succeeding fiscal year thereafter for the services.

The solicitation requested proposals for four groups of telecommunications and internet services. Award to Alaska Communications Systems of Anchorage, Inc. (ACS) is recommended in the following estimated annual amounts:

Group 1 - Voice & Data	\$2,452,202
Group 2 - Toll Services (Long Distance)	\$19,000
Group 3 - Internet Services	\$330,000
Group 4 - Cellular Services	\$144,192

## PERTINENT FACTS:

The Schools and Libraries Universal Service Program was established as part of the Telecommunications Act of 1996 with the express purpose of providing affordable access to telecommunications and internet services for eligible schools and libraries. The Program is referred to as "E-Rate." Funded at up to \$2.25 billion annually, the E-Rate Program provides discounts of 20 percent to 90 percent on telecommunications services (voice and data communications; i.e., telephones and data networks) and internet access, for eligible K-12 schools. The Anchorage School District typically receives discounts of over 50 percent for eligible services. The district intends to apply for discounts for the E-Rate funding year commencing July 1, 2009 and subsequent funding years covered by the contracts. E-Rate funding has provided the basis for upgrading most district locations to Centrex telephones and increasing data network capacity at many locations. The solicitation and the recommended awards are intended to meet the objectives of the Universal Service E-Rate Program and are in accordance with the district's Instructional Technology Plan in the areas of voice communications, networking, and Internet access.

Funding for Universal Service discounts comes from the telecommunications industry in the form of a billing surcharge that each business and consumer pays on their monthly phone bill. The level of discounts schools and libraries are eligible to receive depends on economic need and location. The district pays the full cost of the service to the providers. Application is then made to the Schools and Libraries Division of the Universal Service Administrative Company for reimbursement to the district.

Congress created the Universal Service discount program with bipartisan, public and private support to meet the urgent need for equitable access to telecommunications resources for all Americans. The program's deepest discounts go to rural and inner-city communities where the need for telecommunications is most pressing. The Anchorage School District has been the recipient of over nine million dollars in discounts since 1998.

The district posted the FCC Form 470 described above and published the related Request for Proposals (RFP) in November 2008. A pre-bid conference was held on November 20, 2008 for all interested parties. In addition to posting the Form 470, the RFP was mailed to 75 vendors. Three (3) proposals were received.

The solicitation provided vendors, or consortiums of vendors, with the opportunity to propose services in four service groups: Voice and Data; Toll Services (Long Distance); Internet Services and Cellular Services.

The district requested proposals and scored each proposal by Group. The solicitation permitted vendors to submit proposals on one or more Groups to promote competitiveness, administrative efficiency and the submission of cost effective proposals. Price proposals were submitted based upon a recent monthly statement for voice and data services and estimated annual usage for all other groups. Payment for all services will be made for actual usage.

### Group 1 - Voice and Data Services

The solicitation requested voice and data services, including coin telephones and networking services. The solicitation requested proposals with respect to voice communications based, principally, on vendor owned and operated equipment. The district data network, utilizing data circuits at specified transmission rates, was included in the specifications for Group 1. To ensure coordination of technical and operational conditions, the district requested that all voice and data services be provided by a single vendor or vendor consortium.

Two proposals were submitted for voice and data services: one, a consortium consisting of ACS, the primary proposer, with Matanuska Telephone Association (MTA) as a consortium member; and, the second, by General Communications Inc. (GCI). The district rejected GCI's proposal for Group 1 as non-responsive. GCI's proposal offered to furnish the district an interconnected Voice over Internet Protocol (VoIP) system, also referred to as a converged network, for telecommunications and data services.

The district determined GCI's proposal for Group 1 services non-responsive for the reason that the solicitation did not seek the provision of telecommunications or other services or equipment using VoIP in any E-Rate eligible service category. The FCC Form 470 posted by the district, as required by the E-Rate Program to initiate a solicitation for E-Rate eligible services, did not identify that the district was seeking an interconnected VoIP network or telecommunications services utilizing VoIP. In addition, the solicitation did not specify that the district was prepared to upgrade its systems to new technologies. The FCC Form 470 and the RFP requested services with reference to the existing systems installed and utilized by the district which are principally Centrex and PBX systems. The district has over 100 locations and approximately 5,000 telephone lines. Prior to issuing the solicitation, the district issued a Request for Information but did not receive any responses indicating that vendors were prepared to upgrade the district's systems. The district's Educational Technology Plan, required by E-Rate as approved by the State of Alaska Department of Education and Early Development, does not currently provide for migration to an interconnected VoIP system.

ACS offered to provide the requested services at an estimated annual cost of \$2,452,202. In addition, ACS offered financial incentives and service enhancements if ACS is awarded all groups of services under the solicitation. The district is currently reviewing those incentives and enhancement to ensure compliance with E-Rate regulations and potential cost savings. Award is recommended to ACS for Group 1 - Voice and Data.

#### Group 2 - Toll Services

The solicitation requested proposals from vendors to furnish the district an estimated 250,000 minutes of interstate, 100,000 minutes of intrastate, and 3,000 minutes of international toll calls monthly. Proposals were submitted by ACS, AT&T and GCI. ACS offered to provide such services at rates resulting in a total annual cost of \$19,000. GCI's proposal was rejected as non-responsive for the same reasons identified in Group 1. Award is recommended to ACS as the highest ranking offeror for Group 2 - Toll Services.

#### Group 3 - Internet Services

The solicitation requested proposals for provision of internet access services via a data communications link between the district Information Technology Center and a major internet services provider Point of Presence. The requested services also included 12 continuous Class C subnets address ranges, future additional addresses as required, domain services and registration, and an exchange point. Proposals were submitted by ACS, AT&T and GCI. ACS offered to provide such services at an annual cost of \$450,000 and offered a financial incentive of \$10,000 per month if ACS is awarded all Groups of services under the solicitation for an award amount of \$330,000. Award is recommended to ACS as the highest ranking offeror for Group 3 - Internet Services.

#### Group 4: Cellular Services

The solicitation requested cellular communications services for 600 plan participants. The solicitation requested services, on a price per minute basis, for phone calls and text messaging for 450 plan participants with no minimum usage per month, and for 85,000 pooled minutes for phone calls and text messaging per month for 150 plan participants. The district allocates users to such plans based on typical volume of usage. Proposals were submitted by ACS, AT&T and GCI. ACS offered to provide such services at an estimated annual cost of \$144,192. In addition, ACS offered financial incentives and service enhancements if ACS is awarded all Groups of services under the solicitation. The district is currently reviewing those incentives and enhancement to ensure compliance with E-Rate

regulations and potential cost savings. Award is recommended to ACS as the highest ranking offeror for Group 4 - Cellular Services.

All contracts for regulated services shall be in accordance with the provisions and conditions of Alaska Administrative Code 3 AAC 48.390.

The following are attached for review: Abstract of Proposals (Attachment A) and Tabulations of Proposals (Attachment B).

CERTIFICATION OF FUNDS:

Funds Description:

- (01) General Fund (2009/2010)
- (03) Capital Projects Fund (2009/2010)
- (06) Food Service Fund (2009/2010)
- (XXXXXX) All Schools/Support Areas (2009/2010)
- (3010) Internet
- (3530) Telephone

<u>Fund Source:</u>	<u>Fund</u>	<u>Source</u>	<u>Funding Account Code</u>	<u>Amount</u>
Internet	01	103912	3010	\$ 330,000
Telephone	01	xxxxxx	3530	2,594,394
Telephone	03	xxxxxx	3530	15,000
Telephone	06	xxxxxx	3530	<u>6,000</u>
				<u>\$2,945,394</u>

CC/GV/JB/PC/DM/CW

Prepared by: Christine Wright, Sr. Purchasing Agent  
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 Pamela K. Chenier, Director, Purchasing/Warehouse

Approved by: Jane Berglund, CIO, Information Technology  
 George Vakalis, Assistant Superintendent, Support Services

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

ABSTRACT OF PROPOSALS

Commodity or Service:	<u>E-Rate Communication Services</u>
Proposals Submitted On:	<u>3:00 P.M., Anchorage Time December 23, 2008</u>
Budget Fund:	<u>All Funds</u>
Number of Request for Proposals Sent:	<u>Seventy-Five (75)</u>
Number of Responsive Proposals Received:	<u>Three (3)</u>
Number of "NO BIDS" Received:	<u>One (1)</u>
Number of "NON-RESPONSIVE PROPOSALS" Received:	<u>One (1) - Groups 1 &amp; 2 Only</u>
Advertising Date:	<u>Anchorage Daily News November 13, 2008</u>
Preproposal Conference Held:	<u>2:00 P.M., Anchorage Time November 20, 2008</u>
Addenda Issued:	<u>Two (2)</u>

ANCHORAGE SCHOOL DISTRICT  
PURCHASING DEPARTMENT  
4919 Van Buren Street  
Anchorage, Alaska 99517-3188

TABULATION OF PROPOSALS

Opened: December 23, 2008, 3:00 P.M., Anchorage Time

Proposal: E-Rate Communication Services

VENDORS

- |   |   |  |
|---|---|--|
| <p>1. Alaska Communications Systems<br/>of Anchorage, Inc.<br/>600 Telephone Ave.<br/>Anchorage, AK 99503</p> | <p>2. AT&amp;T Alascom<br/>505 E. Bluff Drive<br/>Anchorage, AK 99501</p> | <p>3. GCI Communications Corp.<br/>5151 Fairbanks Street<br/>Anchorage, AK 99503</p> |
|---|---|--|

Description	Total Possible Points	Group 1			Group 2			Group 3			Group 4		
		1	1	2	3	1	2	3	1	2	3		
Project Approach and Methods	600	555	540	390	540	540	270	540	540	360	435		
Management and Personnel	500	463	450	338	450	450	350	450	450	338	425		
Workload and Resources	200	185	180	130	185	180	120	185	185	135	180		
Firm's Experience	500	463	450	350	450	450	363	450	450	375	387.5		
Additional Consideration for Combined Proposal	200	200	200	0	0	200	0	0	200	0	0		
<b>Subtotal:</b>	2000	1866	1820	1208	1625	1820	1103	1625	1825	1208	1427.5		
E-rate Eligible Price Compilation	1200	1200	1200	903	906	511	1200	523	851	820	1200		
E-rate Ineligible Price Compilation	800	800	800	586	800	800	800	800	800	770	747		
<b>Total Possible Points:</b>	4000	3866	3820	2697	3331	3131	3103	2948	3476	2798	3374.5		